

**UNITED STATES OF AMERICA
BUREAU OF CONSUMER FINANCIAL PROTECTION**

ADMINISTRATIVE PROCEEDING

File No. 2019-BCFP-0002

In the Matter of:

Mark Corbett

CONSENT ORDER

The Bureau of Consumer Financial Protection (Bureau) has reviewed Mark Corbett's brokering of contracts offering high-interest credit to veterans and has identified the following law violations committed by Corbett (Respondent, as defined below): (1) Respondent misrepresents to consumers that the contracts he facilitates are valid and enforceable when, in fact, the contracts are void because veterans' pension payments are unassignable under federal law; (2) Respondent misrepresents to consumers that the offered product is a purchase of payments and not a high-interest credit offer; (3) Respondent misrepresents to consumers when they will receive their funds; and (4) Respondent fails to disclose to consumers the applicable interest rate on the credit offer, in violation of §§ 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536.

Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

II.

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated January 14, 2019 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III.

Definitions

3. The following definitions apply to this Consent Order:

- a. “Affected Consumers” means veterans of the United States Armed forces who have Department of Veterans Affairs (VA) disability pensions or pensions administered by the Defense Finance and Accounting Service (DFAS) and who entered into contracts related to those pensions that were brokered by Respondent between 2011 and 2019.
- b. “Assisting Others” means helping, aiding, or providing support to others, including but not limited to:
 - i. consulting in any form whatsoever;
 - ii. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including, but not limited to, any telephone sales script, direct mail solicitation, or the text of any Internet website, email, or other electronic communication;
 - iii. providing names of, or assisting in the generation of, potential customers; and
 - iv. participating in or providing services related to the offering, sale, or servicing of a product, or the collection of payments for a product.

- c. “Effective Date” means the date on which the Consent Order is issued.
- d. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Bureau of Consumer Financial Protection, or his or her delegate.
- e. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.
- f. “Relevant Period” includes the period from 2011 to 2017.
- g. “Respondent” means Mark Corbett.

IV.

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. Respondent is a “covered person” as that term is defined by 12 U.S.C. § 5481(5)-(7), (15)(A)(i).
- 5. Respondent, serving as an agent of companies Doe 1, 2, 3, and 4 (Doe Companies), brokers contracts offering high-interest credit to veterans. The

credit offers are marketed as purchases of veterans' future pension or disability payments.

6. Respondent, working as a broker for the Doe Companies, sets up contracts between veterans and investors where veterans receive a lump-sum payment, ranging from a few thousand to tens of thousands of dollars, and are thereafter obligated to repay a much larger amount by assigning to investors all or part of their monthly pension or disability payments. The veterans' obligations typically last five to ten years.
7. The high-interest credit offers Respondent brokers are for veterans who have Department of Veterans Affairs (VA) disability pensions or pensions administered by the Defense Finance and Accounting Service (DFAS). The VA establishes a veteran's level of disability compensation and administers disability pensions. DFAS is a federal agency within the Department of Defense; it includes an office that issues monthly pension payments to military retirees.
8. From at least 2011 through 2018, the Doe Companies' contracts required veterans to go into their VA or DFAS online portal and change their entire pension direct-deposits or their monthly allotments to be routed directly into a bank account controlled by the Doe Companies or their agents. If veterans contracted to sell only part of their pensions through the Doe Companies, the

Doe Companies would receive the veterans' entire pension direct-deposits or monthly allotments and then remit portions of them to the veterans' bank accounts.

9. Veterans can repay the contracts from sources other than the contracted-for income stream, such as a life insurance policy. In fact, veterans were required to purchase life insurance policies so that, should a veteran die and the income stream stop, the outstanding amount on the contract would still be paid.
10. Federal law prohibits agreements under which another person acquires the right to receive a veteran's pension payments. 38 U.S.C. § 5301(a)(3)(C).
11. Respondent operates websites that exist solely to direct consumers to the Doe Companies. When veterans search the internet for loans to veterans or for pension sales, they may encounter one of Respondent's websites. Respondent's marketing efforts appear to have been responsible for bringing in about 80% of the Doe Companies' consumer-side business.
12. Completion of an online form on one of Respondent's websites sends a veteran's contact information to Respondent. Respondent then contacts the veteran. Veterans describe to Respondent how much money they want to borrow and how much of their monthly pension allotment they want to pay each month. Respondent determines whether a veteran is a good candidate

for a purported pension sale and puts the veteran in contact with one of the Doe Companies.

13. Respondent determines with the Doe Companies the terms of the credit to be offered to the veterans, including the amount of the lump sum the veterans will receive.
14. Respondent is paid a commission by one of the Doe Companies based on the final profit the company expects to make from each purported pension sale. The company makes its profit on the front-end by having the investor pay a lump sum that is larger than the lump sum that is paid to the veteran.
15. Respondent represents to veterans that the Doe Companies' products are sales and not high-interest credit offers. For example, the first page of the "New Seller Information Packet," sent to veterans by Respondent, or by the Doe Companies at Respondent's direction, states, "It is important to note that this is not a loan[.]" The first paragraph of a form email sent with the packet states, "Please keep in mind that this is not a loan, you are selling a product for a set price."
16. In his communications with veterans who had ostensibly been matched with a buyer, Respondent routinely told veterans that they would receive their funds by a specific date or within a specified period. On multiple occasions, however, the Doe Companies did not deliver the funds to the veterans by the

promised date. Many veterans experienced funding delays, some as long as several months.

17. Respondent does not disclose to veterans the interest rates for the transactions he brokers. Respondent knows the credit offers have varied interest rates, depending on the length of the repayment period, but he does not inform veterans of these interest rates.
18. Many veterans realized the illegal nature of the transactions, and some complained directly to Respondent and the Doe Companies that the transactions are illegal. In response, Respondent repeatedly told veterans that the transactions were legal.

Findings and Conclusions as to Deception I

19. The contracts brokered by Respondent are void from inception because federal law prohibits agreements under which another person acquires the right to receive a veteran's pension payments. 38 U.S.C. § 5301(a)(3)(C).
20. Respondent repeatedly failed to disclose to consumers that the contracts he brokers are illegal because assignments of veterans' pensions are prohibited by federal law, and Respondent repeatedly misrepresented the contracts as valid and enforceable.

21. Respondent's failure to disclose the illegality of the contracts and his misrepresentations of the contracts as valid and enforceable are likely to mislead consumers acting reasonably under the circumstances.
22. Respondent's omissions and misrepresentations are material because they are likely to influence the decisions of consumers acting reasonably under the circumstances.
23. As described in Paragraphs 19 to 22, in connection with the advertising, marketing, promoting, offering for sale, or sale of high interest credit offers to veterans, in numerous instances, Respondent has represented, expressly or impliedly, to consumers that the contracts he brokers are legal, valid, and enforceable, even though assignments of veterans' pensions are prohibited by federal law.
24. Respondent's representations constitute deceptive acts or practices in violation of §§ 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B).

Findings and Conclusions as to Deception II

25. Respondent brokers contracts that provide for veterans to receive a lump-sum payment and thereafter repay a much larger total amount over time by assignment of their monthly pension or disability payments to the Doe Companies. The Doe Companies' products brokered by Respondent are high-interest credit offers.
26. Respondent represents to consumers that the Doe Companies' products are sales and not high-interest credit offers.
27. Reasonable consumers would likely be misled by Respondent's misrepresentations.
28. Respondent's misrepresentations regarding the nature of the products he brokers are material to consumers because they render a reasonable consumer unable to compare the cost of the Doe Companies' products with other potential sources of credit and are likely to influence the decisions of consumers acting reasonably under the circumstances.
29. Respondent's representations, as described in Paragraph 25 to 28, constitute deceptive acts or practices in violation of §§ 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B).

Findings and Conclusions as to Deception III

30. Respondent misrepresented to consumers that they would receive funds from the Doe Companies within a specified period when, in fact, many consumers would not receive funds by the specified date.
31. Respondent's misrepresentation were likely to mislead reasonable consumers.
32. Misrepresentations about the date by which consumers would receive lump-sum payments under the Doe Companies' contracts are material because they are likely to influence the decisions of consumers acting reasonably under the circumstances.
33. Respondent's representations, as described in Paragraph 30 to 32, constitute deceptive acts or practices in violation of §§ 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B).

Findings and Conclusions as to Unfairness

34. Respondent failed to inform consumers of the Doe Companies' products' interest rates.
35. Respondent caused or likely caused substantial injury to consumers because he prevented consumers from comparing alternative products. And by failing to inform consumers about the products' interest rates, Respondent deprived consumers of information they would need to determine whether

the product is usurious and therefore potentially unlawful under their state's law.

36. Consumers could not reasonably have avoided injury in this situation; consumers could not reasonably be expected to make the interest-rate calculation themselves, particularly after Respondent misrepresented that the product was not a high-interest credit offer and misrepresented the date by which consumers would receive lump-sum payments.
37. This injury was not outweighed by countervailing benefits to consumers or competition.
38. Section 1036(a)(1)(B) of the CFPA prohibits “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and is not outweighed by countervailing benefits to consumers or to competition.
39. Respondent's representations, as described in Paragraph 34 to 37, constitute unfair acts or practices in violation of §§ 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

ORDER

V.

Conduct Provisions

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

40. Respondent, whether acting directly or indirectly, is permanently restrained from brokering, offering, and arranging agreements between veterans and third parties under which the veteran purports to sell a future right to an income stream from the veteran's pension. Respondent is also permanently restrained from Assisting Others in engaging in such conduct. Nothing in this Consent Order shall be read as an exception to this Paragraph.

VI.

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

41. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, taking into account the factors in 12 U.S.C. § 5565(c)(3) and having an inability to pay based on sworn financial statements provided to the Bureau on November 8, 2018, Respondent must pay a civil money penalty of \$1 to the Bureau.

42. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
43. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
44. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
45. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in any Related Consumer Action because of the civil money penalty paid in this action. If the court in any Related Consumer

Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

VII.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

46. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
47. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying number, which may be used

for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

48. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

VIII.

Reporting Requirements

IT IS FURTHER ORDERED that:

49. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to the filing of any bankruptcy or insolvency proceeding by or against Respondent or a change in Respondent's name or address.

Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
50. Within 7 days of the Effective Date, Respondent must:

- a. Designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent;
 - b. Identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
 - c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
 - d. Identify Individual Respondent's telephone numbers and all email, Internet, physical, and postal addresses, including all residences;
 - e. Describe in detail Respondent's involvement in any business for which he performs services in any capacity or which he wholly or partially owns, including Respondent's title, role, responsibilities, participation, authority, control, and ownership.
51. Respondent must report any change in the information required to be submitted under Paragraph 50 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.

52. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), which, at a minimum:
- a. Lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order; and
 - b. Attaches a copy of each Order Acknowledgment obtained under Section IX unless previously submitted to the Bureau.

IX.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

53. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.
54. Within 30 days of the Effective Date, Respondent, for any business for which he is the majority owner or which he directly or indirectly controls, must deliver a copy of this Consent Order to employees, Service Providers,

or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.

55. For 5 years from the Effective Date, Respondent, for any business of which he is the majority owner or that he directly or indirectly controls must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section VIII, any future employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
56. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

X.

Recordkeeping

IT IS FURTHER ORDERED that:

57. Respondent must create, or if already created, must retain for 5 years from the date of the Consent Order, the following business records for any business of which Respondent is a majority owner or that he directly or

indirectly controls:

- a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau; and
 - b. All consumer complaints and refund requests (whether received directly or indirectly, such as through a third party) related to contracts with veterans brokered by Respondent, and any responses to those complaints or requests.
58. Respondent must retain the documents identified in Paragraph 57 for the duration of the Consent Order.
59. Respondent must make the documents identified in Paragraph 57 available to the Bureau upon the Bureau's request.

XI.

Notices

IT IS FURTHER ORDERED that:

60. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "In re Mark Corbett, File No. 2019-BCFP-0002," and send them by overnight courier or

first-class mail to the below address and contemporaneously by email to

Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
Bureau of Consumer Financial Protection
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552.

XII.

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

61. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondent must provide such information in his or his agents' possession or control within 14 days of receiving a written request from the Bureau.
62. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section IV. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10 days written notice, or other reasonable notice, at such places and

times as the Bureau may designate, without the service of compulsory process.

XIII.

Compliance Monitoring

IT IS FURTHER ORDERED that:

63. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested non-privileged information, related to requirements of this Consent Order, which must be made under penalty of perjury; provide sworn testimony related to requirements of this Consent Order and Respondents' compliance with those requirements; or produce non-privileged documents related to requirements of this Consent Order and Respondents' compliance with those requirements.
64. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
65. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview about the requirements of this Consent Order and Respondent's

compliance with those requirements. The person interviewed may have counsel present.

66. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XIV.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

67. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
68. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XV.

Administrative Provisions

IT IS FURTHER ORDERED that:

69. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 70.
70. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
71. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and

expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

72. This Consent Order will remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau.
73. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
74. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
75. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
76. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises,

representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

77. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, to violate any law, rule, or regulation.

IT IS SO ORDERED, this 21 day of January, 2019.

A handwritten signature in black ink, reading "Kathleen L. Kraninger". The signature is written in a cursive style with a horizontal line underneath the name.

Kathleen L. Kraninger

Director

Bureau of Consumer Financial Protection